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## **NEWS RELEASE**

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### **STATE AND LOCAL GOVERNMENT AGENCIES TO BENEFIT FROM NEW STATEWIDE TELECOMMUNICATIONS CONTRACT**

#### ***Contracts with AT&T and Verizon for Telecommunications Services Cut Costs and Provide Access to Emerging Technologies***

**Sacramento** – The California Department of Technology Services and the California Department of General Services today announced the award of four statewide contracts for telecommunications services worth an estimated \$350 million annually to AT&T Global Services and Verizon Business. The competitively bid statewide contracts, better known collectively as CALNET II, will provide telecommunications services to state and local government agencies over the next five years, with an option of two additional one-year extensions, and is expected to provide an overall 10% cost savings to CALNET customers.

"CALNET II offers our customers a greater choice in services - including traditional and emerging technologies, stronger terms and conditions, and enhanced service level agreements that guarantee a higher quality of service," said P.K. Agarwal, Director, Department of Technology Services.

CALNET II differs from the current CALNET contract in that it provides customers with four distinct service contracts (formerly referred to as service modules) to choose from to meet a range of telecommunications business needs - traditional voice and data core services, voice long-distance services, network based Internet Protocol (IP) services, and broadband fixed wireless access services. This multiple contract procurement structure allowed vendors to concentrate in their areas of core expertise.

AT&T won the bid for the traditional voice and long-distance contracts and Verizon won the bid for the IP services and the fixed wireless services contracts. Secretary Rosario Marin, State and Consumer Services Agency, said "The State looks forward to partnering with AT&T and Verizon. Both companies have extensive experience providing statewide telecommunications services and offer innovative, cost effective solutions that will reduce the overall telecommunications costs for our state and local government customers."

CALNET serves approximately 160 state and 2,000 local government agencies statewide.

"The CALNET II procurement provided all telecommunications vendors the opportunity to compete for the State's telecommunications business and continues to offer that opportunity, because CALNET II is a non-exclusive contract," said Will Bush, Interim Director, Department of General Services.

The new contracts are structured to create continuous downward pressure on pricing with non-exclusivity and Individual Price Reduction provisions – fostering a competitive environment throughout the term of each contract.

The Department of Technology Services will hold a CALNET Transition Information Forum on March 8, 2007, to provide customers with information on the new contracts and the transition process. Additional transition information can be found at <http://www.dts.ca.gov/stdnd/calnet-transition.asp?key=217>.